

Excerpts from testimony offered by Brent E. Gale, Sr. Vice President, Regulation and Legislation, MidAmerican Energy Holdings Company to the Utah Legislature's Public Utilities and Technology (PUT) Interim Committee on June 20, 2007

Questions to address when considering a Renewable Portfolio Standard (RPS):

1. What is the purpose that the state wants to accomplish?
2. Is a mandate necessary or is it sufficient to set targets and remove statutory and regulatory impediments?
3. If a mandate is imposed, will it be reconciled with state standards regarding cost effectiveness?
4. How will consumers' interests be protected?
5. How should benefits and costs be passed on to customers and through what mechanism?
6. Will RPS targets be based on nameplate capacity or retail sales?
7. What ultimate percentage of renewable energy should be achieved by what date, and what, if any, interim benchmark goals should be established?
8. Should the details be developed in legislation or delegated to a regulatory agency?
9. Which resources qualify as "renewable energy" and what limitations, if any, will be placed on the use of these resources for compliance?
10. Through what means can an electric utility comply with an RPS; e.g., ownership of renewable generation, purchase of renewable energy, purchase of renewable energy credits (RECs), alternative compliance payments (ACPs), penalties in lieu of compliance?

11. What restrictions would be placed on an electric provider's ability to use RECs to comply with an RPS?
12. With regard to facility vintage, which generating facilities count toward compliance with the RPS?
13. With regard to geographic eligibility, will limitations be established for use of qualifying generation and RECs for compliance?
14. Would the same RPS requirements apply equally to all retail electric providers, or would requirements vary based on a provider's market share?
15. Under what circumstances will a utility be granted an exemption from compliance with RPS requirements?
16. Should there be penalties for an electric provider's failure to comply with RPS?
17. What considerations should be given to the establishment of a State RPS to provide for maximum compatibility with a prospective Federal RPS?

Specific RPS Design Elements that Will Affect Compliance Costs:

- Percentage targets and timeframes
- Resource eligibility
- Geographic eligibility and delivery requirements
- Set asides for solar or other resource types
- Flexible compliance mechanisms (RECs, banking, borrowing, settlement periods)
- Encouragement for long-term contracting

Resource/Project “Cost Effectiveness” Cost Cap Mechanisms in Use in Other RPS States:

- **Codification of Risk-Adjusted, Least-Cost Standard**
 - Oregon
- **Bundled Contract Price Caps**
 - New Mexico, Hawaii, Montana
- **Alternative Compliance Payments** (*freely available*)
 - Massachusetts, New Jersey, Rhode Island
- **Alternative Compliance Payments** (*available/recoverable in rates if least cost measure and/or insufficient available renewable energy*)
 - Delaware, District of Columbia, Maryland, Oregon

Overall RPS Program Compliance Cost Cap Mechanisms in Use in Other RPS States

- **Retail Rate/Revenue Cost Cap**
 - Colorado, New Mexico, Oregon, Washington
- **Financial Penalty** (*for competitive suppliers, will act as cost cap*)
 - Connecticut, Texas, Oregon, Pennsylvania
- **Customer-Class Bill Impact**
 - New Mexico, Maryland, Delaware, Maine
- **Renewable Energy Fund Limitation**
 - Arizona, California, New York
- **Force Majeure Clauses**
 - Pennsylvania, Minnesota, Nevada, Maine, Oregon, etc.